

MEDIA RELEASE

**Attention: News Director
For Immediate Release
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**U.S. DEPARTMENT OF JUSTICE
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Western District of Kentucky**

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**SMALL BUSINESS ADMINISTRATION APPOINTED RECEIVER
FOR LOCAL SMALL BUSINESS INVESTMENT COMPANY**

David L. Huber, United States Attorney for the Western District of Kentucky, announced today that a civil lawsuit was filed on behalf of the Small Business Administration against **PROSPERITAS INVESTMENT PARTNERS, LP**, a Delaware corporation whose principal place of business is Louisville, Kentucky.

Prosperitas, according to the Complaint, was licensed as a Small Business Investment Company ("SBIC") by the SBA in June 2000. Under the SBIC program, the SBA provides funds to companies to invest in qualifying small businesses. Between 2000 and 2003, SBA invested \$19,915,000 in Prosperitas through the purchase and/or guaranty of participating securities, a form of leverage. Under SBA regulations, Prosperitas was required to maintain a certain level of capitalization (based upon a formula of losses realized and unrealized divided by the amount of private capital). In July 2004, Prosperitas failed to maintain the required 85 percent capitalization rate and thereafter continued to violate SBA capitalization requirements. The \$19,915,000 leverage owed to the SBA remains outstanding.

The SBA and Prosperitas have reached a settlement, which is reflected in a Consent Order filed at the same time as the complaint. Under terms of the Consent Order, SBA will be appointed as Receiver for the purpose of marshaling and liquidating all of Prosperitas's assets and satisfying the claims of creditors.

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